

Local Public Schools Funding Authority
14901 South Inglewood Avenue
Lawndale, CA 90260
310-263-3220

July 27, 2016

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

VIA E-MAIL & OVERNIGHT DELIVERY

41 August 9, 2016

Board of Supervisors
County of Los Angeles
500 West Temple Street, Room 383
Los Angeles, CA 90012


LORI GLASGOW
EXECUTIVE OFFICER

Re: Local Public Schools Funding Authority - Request for Action by Los Angeles
County Board of Supervisors for Resolution to Authorize Local Public Schools
Funding Authority to Proceed with a School Facilities Improvement District
Formation – Education Code Section 15303

Dear Honorable Members of the Board of Supervisors:

As the Treasurer and Agency Representative of the Local Public Schools Funding Authority (the "Authority"), I am representing the Board of Directors of the Authority (the "Authority Board"). I have been authorized by the Authority Board to provide this letter to the Los Angeles County Board of Supervisors (the "County Board") with respect to the request by the Authority for the adoption by the County Board of a resolution to authorize the Authority to proceed with the formation of a School Facilities Improvement District (the "SFID"), pursuant to the provisions of California Education Code Section 15303. As noted below, the Authority is requesting action by the County Board on the requested County Authorization Resolution (as defined below) on or before August 9, 2016.

As discussed with Los Angeles County (the "County") staff, the Authority is a joint exercise of powers authority created by and comprised of two member districts—Centinela Valley Union High School District ("CVUHSD") and Wiseburn Unified School District ("WUSD"). The Authority was formed in 2012 as part of the process for Wiseburn School District to achieve unification and become WUSD, while still maintaining CVUHSD's bonding capacity at a level that could sustain future phases of construction and modernization for CVUHSD. Special legislation was passed in 2012, and is codified in Sections 35580 through 35586 of the California Education Code, that determined liability for taxation, bonding capacity, permitted use of existing bond proceeds, and the allocation of authorized but unsold bonds of WUSD and CVUHSD. The

Local Public Schools Funding Authority

Los Angeles County Board of Supervisors

July 27, 2016

Page 2

Joint Exercise of Powers Agreement that established the Authority (the "JPA Agreement") further spelled out certain powers, including the ability of the Authority to form an SFID and, as also codified by Education Code Section 35586, to call an election pursuant to the provisions of Chapter 2 of Part 10 of Division 1 of Title 1 ("Proposition 39"). Authority staff has engaged a qualified firm to create a map of the proposed SFID. This map has been provided to County staff and to the office of County Counsel.

Based on the age of School District facilities and the need to upgrade school facilities, the Authority plans to call and conduct a general obligation bond election pursuant to the provisions of Proposition 39 in November, 2016. In order to accommodate this general obligation bond election, the Authority must undertake to form an SFID. The County has not adopted a "County-wide" authorization for school districts within the boundaries of the County to undertake SFID formation proceedings, but has determined to require school districts to apply to the County, and the County Board, for individual authorization to form such SFIDs on a case-by-case basis.

I have previously provided documentation and information to the County Treasurer's Office (Mr. John Patterson) and the County Counsel's Office (Mr. Thomas Parker) in support of the Authority's request to the County for the adoption of such an authorization resolution. I am pleased to offer to provide any additional documentation or information required by the County, County staff or the County Board in order to support this request.

Additionally, the Authority Board has adopted a resolution (Authority Resolution No. 16-17/01) (the "Authority Request Resolution") on July 18, 2016, to request the County Board to adopt a County Authorization Resolution on or before August 2, 2016. The Authority Request Resolution has previously been provided to County staff. A copy of the Authority Request Resolution is also enclosed with this letter for the consideration of the County Board.

Therefore, on behalf of the Authority, I am requesting that the County Board adopt a resolution authorizing the Authority to proceed with the formation of an SFID pursuant to Education Code Section 15303 at this time (the "County Authorization Resolution"). On behalf of the Authority, enclosed is the proposed form of such County Authorization Resolution for review by the County Board, County staff, and County Counsel. This form was previously provided to County staff for review and is virtually identical to such resolutions adopted by the County Board for two different school district under very similar circumstances in 2011 and 2014.

On behalf of the Authority, in order to accommodate the Authority's timeline and the applicable requirements of the California Education Code and California Elections Code, I am requesting that the County Board adopt the requested County Authorization Resolution not later than August 9, 2016.

I look forward to working with the County Board, County Counsel and County staff in order to accomplish this objective. Thank you very much for your courtesy and cooperation in this matter.

Local Public Schools Funding Authority

Los Angeles County Board of Supervisors

July 27, 2016

Page 3

If you have questions with regard to this matter, or need any further documents or information, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "Ron Hacker". The signature is fluid and cursive, with the first name "Ron" and last name "Hacker" clearly distinguishable.

Ron Hacker
Treasurer and Agency Representative
Local Public Schools Funding Authority

Enclosures

cc: Thomas Parker (w/ encl) (e-mail & overnight)
John Patterson (w/o encl)
Hugo M. Rojas II (w/o encl)

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE
COUNTY OF LOS ANGELES TO MAKE APPLICABLE TO
THE LOCAL PUBLIC SCHOOLS FUNDING AUTHORITY
THE PROVISIONS OF THE EDUCATION CODE OF THE
STATE OF CALIFORNIA PERMITTING FORMATION OF
A SCHOOL FACILITIES IMPROVEMENT DISTRICT

WHEREAS, a school or community college district may form a school facilities improvement district within its boundaries for the authorization and issuance of bonds pursuant to and subject to the requirements of Chapter 2 (commencing with Section 15300) of Part 10 of Division 1 of Title 1 of the Education Code of the State of California (the "Law"); and

WHEREAS, the Local Public Schools Funding Authority ("Authority") is a joint exercise of powers authority organized pursuant to Articles 1 through 4 (commencing with Section 6500) of Chapter 5 (Joint Exercise of Powers) of Division 7 (Miscellaneous) of Title 1 of the California Government Code and a joint exercise of powers agreement entitled "Joint Exercise of Powers Agreement to Establish the Local Public Schools Funding Authority" dated as of May 25, 2012 (hereinafter, the "Joint Powers Agreement"); and

WHEREAS, the Authority is also governed by special legislation codified under Article 9 (Formation of the Wiseburn Unified School District, Bonded Indebtedness and Revenue Limit (commencing with Section 35580 of Chapter 3 (Reorganization of School Districts – General Provisions) of Part 21 (Local Educational Agencies) of Division 3 (Local Administration) of Title 2 of the Education Code (hereinafter, the "Special Legislation"); and

WHEREAS, the current members of the Authority, pursuant to the Joint Powers Agreement, are the Centinela Valley Union High School District and the "Wiseburn Unified School District, the successor entity to the "Wiseburn School District": and

WHEREAS, Education Code Section 35586, which is included as part of the Special Legislation, allows the governing board of the Authority to proceed with certain activities which the two school districts are otherwise empowered to undertake, including the formation of a school facilities improvement district and the calling of an election as authorized pursuant to Chapter 2 (Bonds of School Facilities Improvement District) of Part 10 (School Bonds) of Division 1 (General Education Code Provisions) of Title 1 of the California Education Code (Education Code Section 15300 et seq.) ("Act") which provides for the formation of school facilities improvement districts consisting of a portion of the territory within a school district for the issuance of general obligation bonds for a school facilities improvement district; and

WHEREAS, Section 12 (Power to Form School Facilities Improvement District ("SFID") and Issue Bonds of the SFID) of the Joint Powers Agreement further provides the Authority shall

have the common power of its members to form a school facilities improvement district pursuant to the Act and issue bonds under the same statutes;

WHEREAS, the Authority located within the boundaries of the County of Los Angeles (the "County") proposes to form School Facilities Improvement District No. 2016-1 of the Local Public Schools Funding Authority (the "SFID" or "Improvement District") to facilitate the issuance of general obligation bonds of the Improvement District to finance the costs of school facilities and equipment to be acquired, renovated and constructed within the boundaries of the Improvement District;

WHEREAS, Education Code Section 15303 provides that the Law shall not be operative in any county until the board of supervisors of the county by resolution adopted by a majority vote makes said chapter applicable therein;

WHEREAS, this Board of Supervisors of the County of Los Angeles (the "Board") has determined that it is desirable and in the interests of the Authority to permit the formation of the Improvement District, upon appropriate action by the governing board of the Authority pursuant to the Law; and

WHEREAS, it is the desire and intent of this Board to make the Law operative solely with respect to the proposed Improvement District;

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of Los Angeles as follows:

Section 1. All of the above recitals are true.

Section 2. Pursuant to Section 15303 of the Education Code, Chapter 2 (commencing with Section 15300) of Part 10 of Division 1 of Title I of the Education Code of the State of California is hereby made operative to allow the formation of a school facilities improvement district within the boundaries of the Local Public Schools Funding Authority in the County.

Section 3. The District shall reimburse the County for any and all costs incurred by the County as a result of the formation and implementation of the proposed improvement district and any and all actions of the District which cause the County to expend resources.

Section 4. This resolution shall take effect from and after its adoption.

The foregoing resolution was on the 9th of August, 2016, adopted by the Board of Supervisors of the County of Los Angeles and ex-officio the governing body of all other special assessment and taxing district, agencies and authorities for which said Board so acts.



LORI GLASGOW, Executive Officer-Clerk of the
Board of Supervisors of the County of Los Angeles

By: Lachelle Smithman
Deputy

APPROVED AS TO FORM:
MARY C. WICKHAM
COUNTY COUNSEL

By: Thomas R. Parker
Deputy County Counsel

RESOLUTION NO. 16-17/001

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LOCAL PUBLIC SCHOOLS FUNDING AUTHORITY REQUESTING ACTION BY THE LOS ANGELES COUNTY BOARD OF SUPERVISORS TO AUTHORIZE THE FORMATION OF A SCHOOL FACILITIES IMPROVEMENT DISTRICT BY THE LOCAL PUBLIC SCHOOLS FUNDING AUTHORITY AND THE TAKING OF RELATED ACTIONS.

WHEREAS, the Local Public Schools Funding Authority (the "Authority") is a joint exercise of powers authority organized pursuant to Articles 1 through 4 (commencing with Section 6500) of Chapter 5 (Joint Exercise of Powers) of Division 7 (Miscellaneous) of Title 1 of the California Government Code; and

WHEREAS, the Authority is also governed by special legislation codified under Article 9 (Formation of the Wiseburn Unified School District, Bonded Indebtedness and Revenue Limit (commencing with Section 35580 of Chapter 3 (Reorganization of School Districts – General Provisions) of Part 21 (Local Educational Agencies) of Division 3 (Local Administration) of Title 2 of the Education Code (hereinafter, the "Special Legislation"); and

WHEREAS, the Authority is also governed by a joint exercise of powers agreement entitled "Joint Exercise of Powers Agreement to Establish the Local Public Schools Funding Authority" dated as of May 25, 2012 (hereinafter, the "Joint Powers Agreement"); and

WHEREAS, the original members of the Joint Powers Agreement were the Centinela Valley Union High School District and the Wiseburn School District, each a public school district duly formed and operating within the boundaries of the County of Los Angeles; and

WHEREAS, the current members of the Joint Powers Agreement are the Centinela Valley Union High School District and the Wiseburn Unified School District, the successor entity to the Wiseburn School District; and

WHEREAS, Education Code Section 35586, which is included as part of the Special Legislation, allows the governing board of the Authority to proceed with certain activities which the two school districts are otherwise empowered to undertake, including the formation of a school facilities improvement district authorized pursuant to Chapter 2 (Bonds of School Facilities Improvement District) of Part 10 (School Bonds) of Division 1 (General Education Code Provisions) of Title 1 of the California Education Code (Education Code Section 15300 et seq.) (the "Act") which provides for the formation of school facilities improvement districts consisting of a portion of the territory

within a school district for the issuance of general obligation bonds for a school facilities improvement district; and

WHEREAS, Section 12 (Power to Form School Facilities Improvement District ("SFID") and Issue Bonds of the SFID) of the Joint Powers Agreement further provides:

- The Authority shall have the common power of its members to form a school facilities improvement district ("SFID") pursuant to the Act and issue bonds under the same statutes;
- Any SFID formed by the Authority may encompass less than all parcels within the combined boundaries of the Authority's members, provided, however, that the Authority shall not have the power to form an SFID which encompasses any parcel within the Wiseburn Unified School District which is designated for residential use;
- The provisions of State law which would apply to the Authority's members or any SFID formed by any of the Authority's members, when calling or conducting an election, shall apply to the Authority to the extent such provisions do not conflict with the Joint Powers Agreement;
- The affirmative vote of four members of the Authority's Board of Directors shall be sufficient to establish an SFID;
- A resolution calling for the issuance of bonds of an SFID shall clearly identify which projects are to be financed with the bonds for which Authority member and how bond proceeds are to be allocated between respective project or building funds and debt service funds if the bonds are proposed to finance projects of more than one Authority member;
- Each Authority member shall remain responsible and liable for the construction of public facilities which are financed by the JPA or the SFID for their use and benefit and title to facilities constructed with bonds of the JPA or the SFID shall vest solely in the individual member; and

WHEREAS, the parcels designated for residential use within the Wiseburn Unified School District, and not included in the SFID, are defined by Los Angeles County Land Use codes as only properties that have a 01 through 09 leading primary residential designation; and

WHEREAS, for the purposes of financing certain high school facilities as authorized under the provisions of the Act, the Authority, on its own initiative, intends to form a school facilities improvement district within the boundaries of the Authority, which improvement district will have the boundaries described and depicted in the map and description attached and incorporated hereto as Exhibit "A" (hereinafter, the "Boundary Map"); and

WHEREAS, the proposed school facilities improvement district lies entirely within the County of Los Angeles and shall be known as the "School Facilities Improvement District No 2016-1 of the Local Public Schools Funding Authority" ("SFID No. 2016-1"); and

WHEREAS, the Board of Directors of the Authority (the "Board") hereby finds that it is necessary and in its best interest to form SFID No. 2016-1 to finance high school improvements pursuant to the Act, the Special Legislation and the Joint Powers Agreement and to finance any or all of the improvements set forth in Education Code Sections 15100 and 15264 et seq, and the overall cost of financing the bonds issued pursuant to the Act would be less than the overall cost of other school facilities financing options available to the District, including but not limited to the costs relative to the issuance of bonds under the Mello-Roos Act (as defined below); and

WHEREAS, the Board, in accordance with the Act, the Special Legislation and the Joint Powers Agreement, and on the basis of its findings, above, desires to form SFID No. 2016-1;

WHEREAS, neither the Authority, nor its member agencies individually previously formed any community facilities districts pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "Mello-Roos Act"), as set forth in Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the Government Code and has determined that the requirements set forth in Sections 15301(a) and 15301(b) of the Act will not be applicable to the District; and

WHEREAS, the City of Hawthorne did form Community Facilities District No. 2004-1, which benefitted the member districts of the Authority, and the Authority has determined that all parcels within Community Facilities District No 2004-1 are parcels designated for residential use within the Wiseburn Unified School District, and thereby not included in the SFID, and that the requirements set forth in Sections 15301(a) and 15301(b) of the Act will not be applicable to the District; and

WHEREAS, the Board shall comply with Section 54902 of the Government Code which requires the filing with the Los Angeles County Assessor and the State Board of Equalization of a map specifically identifying property located within SFID No. 2016-1 and property which is within the boundaries of the Authority and not located within the boundaries of SFID No. 2016-1; and

WHEREAS, the SFID No. 2016-1 is being formed for the purpose of facilitating the issuance of general obligation bonds for SFID No. 2016-1 to finance the costs of high school facilities and equipment within SFID No. 2016-1 generally described in Exhibit "B" hereto (the "Facilities").

WHEREAS, in order for the Authority and the Board to undertake such actions, a resolution must be adopted by the Los Angeles County Board of Supervisors

(hereinafter, the "Board of Supervisors") pursuant to Education Code Section 15303 to make the provisions of the Act applicable to the Authority; and

WHEREAS, the Authority staff has provided the Board of Supervisors and its staff with a request for the Board of Supervisors to adopt such a resolution and have provided the Board with information on such efforts; and

WHEREAS, the Board desires to call and conduct the referenced general obligation bond election in November 2016 (on the Statewide general election date), which necessitates the need for action by the Board of Supervisors on the requested resolution of the Board at the earliest possible date; and

WHEREAS, in order to confirm the Board's request for such action on behalf of the Authority, and to confirm actions taken, or to be taken, in support of such effort, the Board desires to adopt this Resolution.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE LOCAL PUBLIC SCHOOLS FUNDING AUTHORITY DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. The above recitals are true and correct and are incorporated herein as if fully set forth in the body of this Resolution of Formation.

SECTION 2. The Board hereby finds that it is necessary and in its best interest to form SFID No. 2016-1 to finance high school improvements pursuant to the Act, the Special Legislation and the Joint Powers Agreement and to finance any or all of the improvements set forth in Education Code Sections 15100 and 15264 et seq, and the overall cost of financing the bonds issued pursuant to the Act would be less than the overall cost of other school facilities financing options available to the District, including but not limited to the costs relative to the issuance of bonds under the Mello-Roos Act and has determined that the requirements set forth in Sections 15301(a) and 15301(b) of the Act will not be applicable to SFID No. 2016-1.

SECTION 3. For the reasons stated above and as communicated to the Board of Supervisors, the Board hereby requests that the Board of Supervisors adopt a resolution pursuant to Education Code Section 15303 and the Act, not later than August 2, 2016. The Board of Supervisors staff is requested to take all actions necessary to provide for the consideration and adoption of such resolution in compliance with the Act by or before such date.

SECTION 4. This Board, the Authority's executive officers and officials are authorized to execute all such instruments as may be necessary to ensure that this request is heard and acted upon by the Board of Supervisors.

SECTION 5. This Resolution shall take effect immediately upon adoption by the Board.

SECTION 6. The Secretary of the Board is authorized and directed to promptly provide certified copies of this Resolution to the Board of Supervisors and such other officials of the County of Los Angeles as may be necessary to permit the Board of Supervisors to consider and act upon this request in a timely fashion.

SECTION 7. It is respectfully requested that if the Board of Supervisors, exercising its authority under Education Code Section 15303, should authorize implementation of the Act as to the Authority and its members, and that the Board of Supervisors shall file the resolution with the California Debt and Investment Advisory Commission as provided under subsection (b) of Education Code Section 15303.

PASSED, APPROVED and ADOPTED by the Board of Directors of the Local
Public Schools Funding Authority on this 18th day of July 2016.

Hugo M. Rojas II
Hugo M. Rojas II
Chairperson

ATTEST:

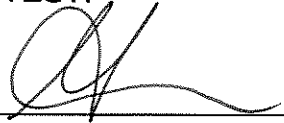


EXHIBIT "A"
[BOUNDARY MAP]

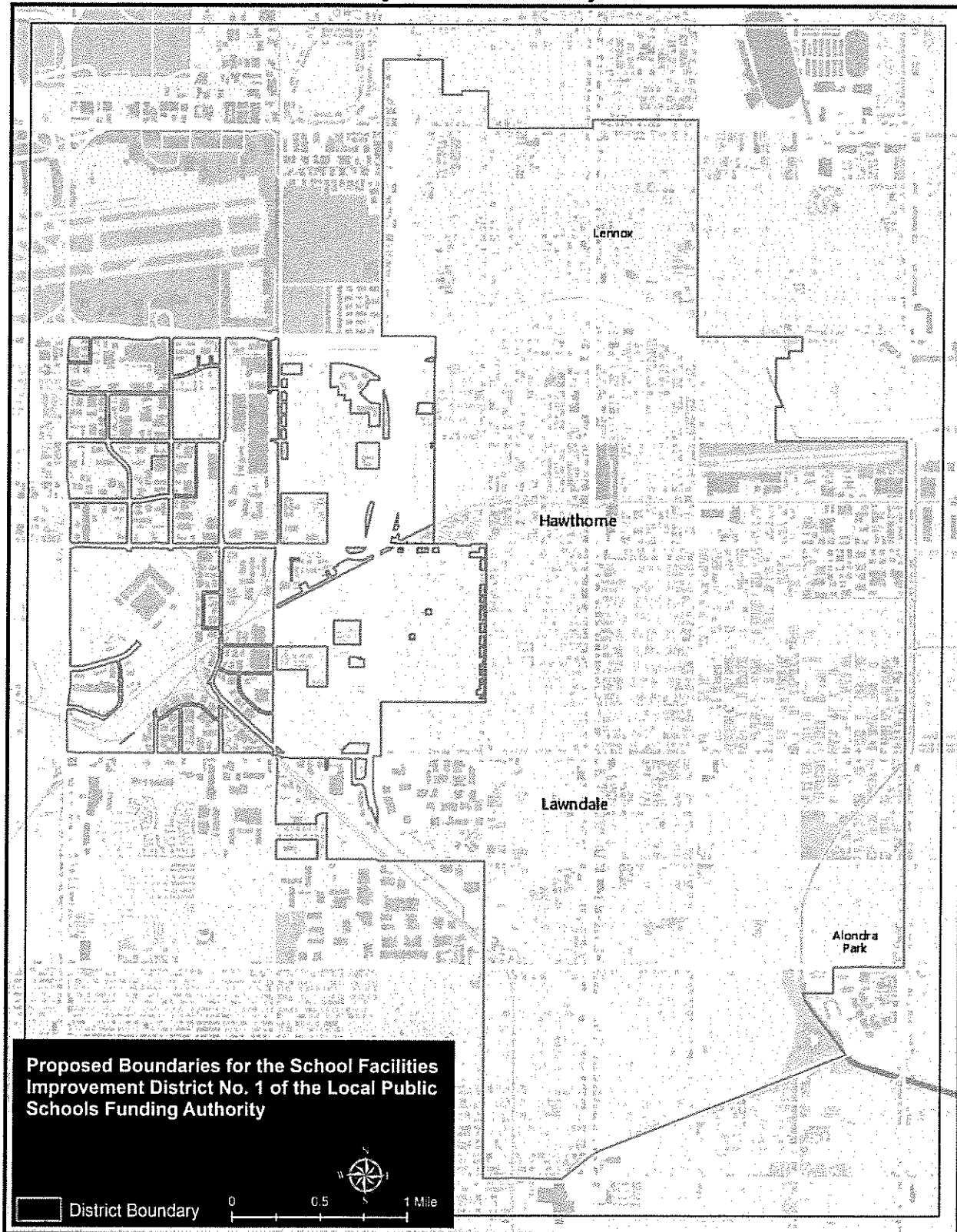


EXHIBIT "B"
[DESCRIPTION OF THE FACILITIES]

The Facilities to be financed by the Improvement District include the acquisition, construction, repair, upgrading, and equipping of classrooms, property, sites and high school facilities throughout the Improvement District. Project costs include the costs of design, planning, environmental review and remediation, and any secondary effect costs.

The Board of Directors of the Local Public Schools Funding Authority, acting on behalf of the School Facilities Improvement District No. 2016-1 of the Local Public Schools Funding Authority (the "District"), evaluated the District's urgent and critical school needs, including school and student safety issues, enrollment trends, class size, high school overcrowding, energy efficiency and computer technology, school safety from gangs, crime and drugs, seismic safety requirements, and aging, outdated or deteriorating school buildings in developing the scope of projects to be funded. The Project List set forth below is an integral part of this measure.

Proceeds from the sale of bonds will be used for the following specific schools facilities projects, including the repayment of lease obligations which financed any of the following projects:

School Health and Safety, Earthquake Safety
and Energy Efficiency School Projects

- Remove or abate all asbestos, lead paint, mold and all hazardous materials.
- Upgrade fire alarm systems to automatic systems, repair fire safety equipment, add sprinklers and fire safety doors.
- Upgrade water system so there is safe drinking water on all campuses.
- Upgrade to schools to meet handicap accessibility requirements.
- Strengthen and repair older schools and classrooms vulnerable to serious damage in a major earthquake, as required by State law.
- Inspect for/repair gas pipe leaks.
- Install new security systems, such as security (surveillance) cameras, outdoor lighting, and classroom door locks.
- Replace/upgrade existing security systems.
- Fix school drainage systems to stop flooding during rain season.
- Install energy efficient systems.
- Replace existing window systems with energy efficient systems.
- Relocate or improve student drop-off areas for safety, including a separate area for buses.
- Inspect and improve play area fields for safety and drainage.

- Replace existing doors and doorframes.
- Add emergency exits for faster evacuation in an emergency.
- Upgrade school site parking, utilities and grounds.
- Repair termite damage to structures and doors/doorframes.
- Install pedestrian bridges, fencing and signage.
- All other construction, installation, and maintenance projects as needed for health and safety.

School Renovation, Repair and Upgrade Projects

- Replace existing wiring systems to meet current electrical and accessibility codes and increased capacity and allow computers in classroom.
- Additional electrical service capacity to relieve currently overloaded electrical systems.
- Replace existing water, sewer and plumbing systems to meet current codes, including the elimination of lead-containing fixtures.
- Upgrade aging and deteriorating school restrooms.
- Replace older heating, ventilation, air conditioning and lighting systems with building code compliant, energy efficient systems.
- Install code-compliant ventilating systems in restrooms.
- Provide improved, upgraded computer labs.
- Upgrade and equip classrooms, science labs, multipurpose rooms, physical education facilities, kitchens, auditoriums, libraries, arts and music rooms, childcare, preschool, adult education and educational support spaces.
- Classroom interiors will receive new paint, carpet/vinyl tile/asbestos abatement, white marker boards, tackable surfaces, storage-for instructional materials and equipment.
- Repair, upgrade and replace worn-out leaking roofs.
- Federal and State-mandated Americans with Disabilities Act (ADA) accessibility upgrades including site access, parking, staff and student restrooms, relocation of some existing electrical devices.
- Replace old, portable classrooms.
- Repair aging schools.
- All other projects for the renovation, repair and upgrade of deteriorating, outdated school buildings, cafeterias and food services facilities, gymnasium and athletic facilities, performing arts facilities, science labs, classrooms, computer learning centers and school libraries and equipment.

District-Wide Wiring and Instructional Technology
For Effective Learning Environment Projects

- Upgrade and expand electrical systems, telecommunications, Internet and network connections, so all classrooms can have computers.
- All other projects for the installation, repair and upgrade of modern technology infrastructure to improve current instruction methods and to expand job training programs.

Childcare and After-School Facilities Projects

- Development and acquisition of facilities and equipment to offer training to students for jobs in health, engineering and other professions.
- Remodel and improve existing childcare and after-school program facilities.
- Upgrade technology used in job training programs.

New Construction, Development and Joint Use Projects

- Construction, development and acquisition of multi-purpose rooms, gymnasium and athletics facilities, media centers, visual and performing arts facilities, cafeterias and food services facilities, staff and student bathrooms, storage, educational support spaces, classrooms and classroom buildings, and parking lots for staff and visitors.
- Construction and development of additional electrical service capacity.
- Construction, development and acquisition of joint-use facilities which may include libraries, child care centers, multi-purpose rooms, aquatics center, gymnasiums and athletics facilities, media centers, visual and performing arts facilities, and health care facilities.
- Construction, development and acquisition of facilities for administrative offices, adult education and vocational training.
- Site demolition and grading as necessary for construction and development of facilities.

The projects listed above will be completed as needed. Each project will include its share of architectural, engineering, and similar planning costs, program/project management, staff training expenses and a customary contingency for unforeseen design and construction costs. In addition to the projects stated above, proceeds from the sale of bonds will also be used for payment of facility related construction costs which have been determined to be owed by the District judicially or by mediation, arbitration or settlement, the acquisition of land, the acquisition and releasing of pool facilities, the remodeling of administrative support spaces, the payment of the costs of preparation of all facility planning, facility assessment reviews, facility master plan updates, environmental studies (including environmental investigation, remediation and monitoring) and construction documentation, the acquisition or prepayment of outstanding

ground leases, temporary housing of dislocated District activities caused by bond projects and the leasing or acquisition of a transportation lot for school buses.

The allocation of bond proceeds will be affected by the District's receipt of State matching funds and the final costs of each project. In the absence of State matching funds, which the District will aggressively pursue to reduce the District's share of the costs of the projects, the District will not be able to complete some of the projects listed above. The budget for each project is an estimate and may be affected by factors beyond the District's control. The final cost of each project will be determined as plans are finalized, construction bids are awarded and projects are completed. Based on the final costs of each project, certain of the projects described above may be delayed or may not be completed. Demolition of existing facilities and reconstruction of facilities scheduled for repair and upgrade may occur, if the Board determines that such an approach would be more cost-effective in creating more enhanced and operationally efficient campuses. Necessary site preparation/restoration may occur in connection with new construction, renovation or remodeling, or installation or removal of relocatable classrooms, including ingress and egress, removing, replacing, or installing irrigation, utility lines, trees and landscaping, relocating fire access roads, and acquiring any necessary easements, licenses, or rights of way to the property. Proceeds of the bonds may be used to pay or reimburse the District for the cost of District staff when performing work on or necessary and incidental to bond projects.

Projects financed with bond proceeds will be subject to oversight of a professional construction/program management firm.

As required by the California Constitution, the proceeds from the sale of the bonds will be used only for the provision of school facilities by construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, and not for any other purpose, including teacher and administrator salaries and other school operating expenses. The proceeds of the bonds will be deposited to a special fund and the chief fiscal officer of the District will annually file a report with the Board of Education of the District, which report shall contain information regarding the amount of funds collected and expended, and the status of the projects listed in the ballot measure.

The District's Board will conduct an annual, independent performance audit to ensure that the funds have been expended only on the project list set forth above.

The District's Board will conduct an annual, independent financial audit of the proceeds from the sale of the Bonds until all of those proceeds have been expended for the school facilities projects.